

Message Text

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ACTION NEA-10

INFO OCT-01 ISO-00 FEA-01 ERDA-05 AID-05 CEA-01 CIAE-00

CIEP-01 COME-00 DODE-00 EB-07 FPC-01 H-02 INR-07

INT-05 L-03 NSAE-00 NSC-05 OMB-01 PM-04 USIA-06

SAM-01 OES-06 SP-02 SS-15 STR-04 TRSE-00 ACDA-07 PA-01

PRS-01 /102 W

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R 021700Z SEP 76

FM AMCONSUL CASABLANCA

TO SECSTATE WASHDC 4329

INFO AMEMBASSY RABAT

C O N F I D E N T I A L CASABLANCA 0990

E.O. 11652: GDS

TAGS: EINV, ENRG, MO

SUBJ: SETTLEMENT OF ESSO CASE

REF: (A) RABAT 4735

1. JOHN ROOT, VICE PRESIDENT, ESSO AFRICA, INFORMED CONGEN LATE SEPT 1 OF HIS TALKS EARLIER IN DAY WITH MOHAMEF DOUEIB PRESIDENT OF SNPP (REFTEL. ACCORDING ROOT AGREEMENT HAS BEEN REACHED BETWEEN ESSO AND SNPP ON PRICE OF ABOUT 5 MILLION (BOOK VALUE). ROOT ADDED NEW INFORMATION THAT THERE ALSO AGREEMENT ON BACK TAXES OF 1,300,000 DIRHAMS (ABOUT \$300,000), ABOUT ONE-QUARTER OF ORIGINAL GOVERNMENT DEMAND.

2. REMAINING STICKING POINTS IN NEGOTIATIONS-AND GOM INSISTS ON ENTIRE AGREEMENT BEING REACHED IN ONE PACKAGE-RELATE TO A) GOM DESIRE THAT ESSO TRADEMARK REMAIN OVER FACILITIES IN MOROCCO FOR AT LEAST 18 MONTHS AFTER AGREEMENT SIGNED (GOM FIRST ASKED 24 MONTHS);

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B) GOM DESIRE THAT ESSO CONTINUE TO FURNISH LUBRICANTS

AND CHEMICALS FOR AT LEAST FIVE YEARS. ESSO WILLING, BUT GOM SAYS CURRENT ESSO OFFER IS NOT COMPETITIVE (ROOT ADDED PRIVATELY GOM MAY BE CORRECT). ROOT DOES NOT KNOW HOW ESSO CHEMICAL PEOPLE FEEL, BUT PROJECTED LUBRICANT BUSINESS IS NOT OF SUFFICIENT QUANTITY TO BE PARTICULARLY INTERESTING IN ITSELF.

3. ROOT HAS RETURNED TO LONDON WHERE HE HOPES TO BE ABLE TO DEVELOP ESSO BARGAINING POSITION LIKELY TO BE ACCEPTED BY MOROCCANS. HE WILL RETURN TO CASABLANCA AS HEAD OF ESSO TEAM SEPTEMBER 13 FOR WHAT HE HOPES WILL BE FINAL ROUND OF NEGOTIATIONS. (ESSO'S MOROCCAN LAWYER, SERFATY, WILL HAVE RETURNED FROM FRANCE AND WILL ALSO PARTICIPATE.) IF ALL GOES WELL ESSO PRESIDENT VASTOLA WOULD EVENTUALLY COME TO MOROCCO FOR SIGNATURE OF AGREEMENT.

4. ROOT STATED THAT HE BELIEVES EMBASSY INTERVENTION WITH SENIOR LEVELS OF GOM PLAYED KEY ROLE IN BRINING NEGOTIATIONS THIS FAR, ROOT CONCLUDED HE NOW HOPES TO BE ABLE TO FINISH NEGOTIATIONS AT DOUEIB LEVEL WITHOUT FURTHER RECOURSE TO MINISTERIAL LEVEL. MONJO

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: NATIONALIZATION, DISPUTE SETTLEMENT, TAX AGREEMENTS, TAXES
Control Number: n/a
Copy: SINGLE
Draft Date: 02 SEP 1976
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: coburnhl
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1976CASABL00990
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS
Errors: N/A
Film Number: D760334-1054
From: CASABLANCA
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1976/newtext/t19760999/aaaadgmf.tel
Line Count: 82
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION NEA
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: 76 RABAT 4735
Review Action: RELEASED, APPROVED
Review Authority: coburnhl
Review Comment: n/a
Review Content Flags:
Review Date: 12 MAY 2004
Review Event:
Review Exemptions: n/a
Review History: RELEASED <12 MAY 2004 by MartinML>; APPROVED <13 SEP 2004 by coburnhl>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
04 MAY 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: SETTLEMENT OF ESSO CASE
TAGS: EINV, ENRG, MO, US, ESSO AFRICA INC, SNPP, (ROOT, JOHN)
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006